RMB Fund

RMB FUNDS

Portfolio Update: Second Quarter 2023

During the second quarter ending June 30, 2023, the RMB Fund (the "Fund") increased, +4.84% net of fees, trailing the +8.74% increase in the S&P 500 Index (the "Benchmark") return for the for the same period. Year to date the Fund increased +11.85% versus +16.89% for the Benchmark.

	Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
RMBHX	+4.84%	+11.85%	+10.47%	+12.60%	+11.05%	+10.69%	+10.45%
S&P 500 Index	+8.74%	+16.89%	+19.59%	+14.60%	+12.31%	+12.86%	+11.41%
RMBHX (Load Adjusted)	-0.39%	+6.25%	+4.95%	+10.69%	+9.92%	+10.13%	+10.33%

Performance over one year is annualized. The performance data quoted represents past performance and is not a guarantee of future results. The investment return and principal value of an investment will fluctuate, so that those shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the data quoted. To obtain performance as of the most recent month end, please call 855-280-6423. The Fund's expense ratio is 1.20%.

The Fund's investment advisor, RMB Capital Management, LLC, has adapted a contractual expense limitation agreement for each fund through April 30, 2024 reducing the applicable Fund's operating expenses. This may be continued from year to year thereafter if agreed upon by all parties. In the absence of such waivers and/or reimbursements, the applicable Fund's total return and yield would be lower. The Funds have a maximum front-end sales charge of 5.00%. Sales charges are waived for clients of investment intermediaries, or for those who purchase shares via no-transaction-fee platforms.

The second quarter continued a "risk on" environment for risk assets, including domestic equities, helping put the very difficult year of 2022 in the rear-view mirror. Despite the eye-popping first half absolute return for the S&P 500, the market has been extremely narrow, with a handful of mega capitalization stocks driving most of the year to date and second quarter returns. Dubbed the "Big 7" (Apple Inc. (AAPL), Microsoft Corp. (MFST), Alphabet Inc. (GOOGL), NVIDIA Corp. (NVDA), Tesla Inc. (TSLA), Meta Platforms Inc. (META), and Amazon.com Inc. (AMZN)), they have had an outsized influence on the overall return of the capitalization weighted index. This can be seen by the return of the equal weighted S&P 500, which was only up+ 3.99% in the second quarter and +7.03% year to date. This high concentration of return from a small number of stocks in the Fund's capitalization weighted benchmark made it very difficult to keep up with the index, as the Fund is underweight the Big 7 to the Benchmark, if you consider it to be one homogeneous group. The Fund does own four of the Big 7 (Microsoft, Apple, Amazon, and Alphabet), but not all of them. Much of the run in these stocks can be attributed to hype around artificial intelligence ("AI") and the positive potential that exists from adoption of this technology. While we agree that there is a lot of potential in the long-run, it's unlikely to have much of an impact on revenue or earnings this year or next. Dividend paying stocks also performed poorly relative to non-dividend payors, with the average dividend paying stock only up 4% year to date and non-dividend payors +18%, the largest spread since 2009. The Fund is more heavily weighted towards dividend paying companies, another meaningful headwind for relative performance.

We don't consider the concentration of returns in a handful of names to be a healthy sign for the overall market, but it's a difficult call to make as to what will develop in the back half of the year. These mega caps could continue to run higher or some type of reversion to the mean could occur. We prefer to focus our bottom-up strategy on the opportunities in individual companies and avoid chasing near-term market trends. From a traditional attribution perspective, the Fund's under performance in the second quarter relative to the S&P 500 was all driven by negative stock selection, with a moderately positive contribution from sector allocation. The Financials, Consumer Staples, and Information Technology sectors were notable detractors to performance, partially offset by positive contribution in the Energy, Utilities, and Industrials sectors.

Macroeconomics continued to play an important factor in the backdrop of the second quarter of 2023, although the banking crisis that emerged in March has died down this quarter and quickly become an afterthought. This was quite surprising given three of the four largest bank failures in U.S. history was a very shocking and serious event. The Fed continued to raise interest rates in 25 basis point increments before taking a pause at its June meeting. Inflation has slowed from peak rates of growth experienced last year but remains stubbornly high and well above the Fed's 2% target. It's increasingly likely that the Fed may get back on its rate hiking campaign in the next couple of meetings, but the yield curve remains inverted, signaling the possibility of rate cuts down the road. What remains the biggest surprise to us and many economists is just how resilient the U.S. economy has been so far this year. We've all been expecting the impact of these rapid and substantial rate hikes, inflation, and lower fiscal stimulus to eventually tip the economy into recession, but thus far it's held up remarkably well. One thing to keep in mind is that Fed tightening typically does have a 12 to 18 month lag effect, so perhaps the impact is only just starting to be felt and some level of recession may not be seen until 2024. Near-term leading economic indicators have been quite mixed, with some positives and some negatives. Notably, housing has held up extremely well and the labor market, particularly at the lower end of the wage spectrum, remains quite tight. On the negative side, consumer and business sentiment surveys have been quite weak and we're seeing delinquencies rise significantly in consumer credit and auto loans. After a three-year hiatus, student loan payments are due to resume later this year, another source of pressure on some consumers. Given the strength of the stock market in light of all this macroeconomic uncertainty, it seems to be implying a soft-landing scenario, where corporate profits are resilient versus a falloff in a significant recession. However, the narrowness of the stock market in the mega cap technology stocks, which have more secular tailwinds and are less reliant on cyclical growth, also implies some hesitation on the economy. It's as if there is a mass crowding or "hiding out" in these handful of mega cap stocks while the uncertainty is high versus a broader participation in appreciation. Trying to read all these macro tea leaves is difficult to say the least. We don't believe a prolonged economic downturn that would significantly impact corporate earnings over the next one to two years is priced into market valuations today. As bottom-up equity investors, we always have some hesitation to opine on "the market" as if it's one single entity, but we still aren't finding all that many underpriced stocks in our high quality, growth at a reasonable price (GARP) universe today.

Contributors and Detractors

Microsoft Corp. (MSFT) was the Fund's largest basis point contributor in the second quarter after also being the largest contributor in the first quarter. The stock once again benefited from a solid earnings report as well as the AI tailwind. Microsoft's investment in ChatGPT and its initial integration into its Bing search engine is one of the highest profile use cases for the general public's foray into AI. While this made a big splash in the news, what will likely be more beneficial in the long-run is AI's incorporation into the Microsoft Office software, as well as the need for more cloud computing power from customers in its Azure cloud business. Despite the significant move higher in the stock price that lowers the forward risk-reward, we continue to believe that Microsoft is a core holding for the next several years. We believe that earnings can compound at a mid-teens growth rate, with free cash flow wisely reallocated for both growth and capital returns in the form of dividends and share repurchases. The stock remains the Fund's largest position at quarter end.

Google's parent company Alphabet Inc. (GOOGL) was the second largest contributor to the quarter. Google has been investing heavily into its AI capabilities for many years, although up until recently, had been less public about what it had been internally building and how it can be used to benefit shareholders. Microsoft's announcement around Bing really forced Google's hand to more quickly move its AI capabilities into its search engine and communicate with shareholders around how it can monetize AI. While AI is both a threat and an opportunity to Google in both the short- and long-run, we come out in the camp that there is more upside than downside from this emerging technology. Alphabet is the Fund's second largest position at quarter end.

On the negative side of the performance ledger, we had names adversely affecting the Fund's overall return. After being the Fund's second largest positive contributor in the first quarter, bond trading software provider MarketAxess Holdings Inc. (MKTX) was the largest detractor in the second quarter, giving back all its earlier gains. In the short run, the stock can be fairly volatile around monthly trading volume and market share statistics and both of those eased in the second quarter. In the longer run, MarketAxess is a play on the secular shift towards electronic trading of bonds away from traditional "over the counter" markets. It is also a cyclical beneficiary of more volatility around interest rates and money flowing towards fixed income investments. We continue to like the multi-year outlook for MarketAxess's secular opportunity, although struggle to predict what the cyclical environment will look like in the short to intermediate term. Admittedly, our conviction in the name isn't as high as it once was, but we remain patient around the stock as it does feel oversold in the near term.

Dollar General Corp. (DG), a general merchandise retailer, was the Fund's second largest detractor to performance. The stock sold off significantly after a relatively weak April quarter earnings report and muted outlook for the balance of the fiscal year. While disappointed at Dollar General's subpar execution, we view most of the issues affecting near term revenues and earnings as being fixable over the next two to four quarters. While we believe fundamentals can improve, we haven't added to our position size on the pullback, preferring to gather some more data around near-term same store sales trends and competitive positioning. Historically, Dollar General's business has not been impacted much in either direction from the general state of the economy, so we like its relatively defensive position if we are indeed heading into a recession.

RMB Fund
SECOND QUARTER 2023 CONTRIBUTION REPORT
Ranked by Basis Point Contribution

	Basis Point Contribution	Return
Top Contributors		
Microsoft Corp.	+170	+18.38%
Alphabet Inc.	+96	+15.40%
Amazon.com Inc.	+90	+26.21%
Apple Inc.	+84	+17.79%
Palo Alto Networks Inc.	+44	+43.82%
Bottom Detractors		
MarketAxess Holdings Inc.	-112	-33.03%
Dollar General Corp.	-59	-19.11%
Catalent Inc	-42	-31.61%
Keurig Dr Pepper Inc.	-35	-10.79%
CDW Corp	-20	-5.51%

The performance presented above is sourced through Factset Research Systems Inc. Past performance is not indicative of future results, and there is a risk of loss of all or part of your investment. The above does not represent all holdings in the Fund. Holdings listed might not have been held for the full period. To obtain a copy of RMB's calculation methodology and a list of all holdings with contribution analysis, please contact your service team. The data provided is supplemental. Please see important disclosures at the end of this document.

Outlook

U.S. corporate earnings, which are the biggest long-term driver of stock prices, have been remarkably resilient thus far in the first half of 2023. We thought earnings would be flattish at best in 2023 versus 2022, but more likely down and would require continuous downward revisions as the year played out. Thus far, forward estimates have not had to be cut significantly, although it's certainly possible that the inflection point is still ahead of us. Second quarter earnings, which are about to start being reported as we write this letter, will hold some clues as to how subsequent quarters look, but we suspect earnings will still prove to be resilient this quarter. As always, under the surface, individual companies and sectors can and will have much different fundamentals. Given the market is a forward discounting mechanism, the outlook for 2024 earnings and beyond is what is most important. Depending on how the macroeconomy plays out, it's hard today to make a case for much growth off 2023 levels but that is what Wall Street is currently forecasting. Typically, it's difficult for stocks to sustainably rise when forward estimates are being lowered and valuations are already high. Market interest rates and their influence on the long-term discount rate is the other major variable to equity valuations. The 10-year Treasury yield has fallen from its high last year of 4.2% to around 3.8%, with one or two more Fed rate hikes priced in. Should rates sustainably head back north of 4% again, this would be a headwind for equity valuations. The yield curve remains inverted, thus the bond market remains in the camp that we will not skirt a recession and the Fed will have to ease at some point in

2024. Monthly inflation data will be highly scrutinized for signs that the Fed can ease its campaign. There is no better cure for inflation than a good old-fashioned recession, as demand pressure pulls back and labor becomes more plentiful. We think Chairman Powell is more likely to err on the side of "higher for longer" to kill off inflation versus helping near growth and employment.

As always, while we may opine on our view of the market as a whole, we do not pretend to have excess skill in predicting where the market is heading in the short or intermediate term. It's a very difficult, if not impossible, task to add value by timing the market. We were moderately cautious entering 2023 and have been surprised by the strength of the S&P but remind investors about just how narrow the underlying market has been. We still believe it's prudent to keep return expectations modest for the next few years and see short-term bonds as being competitive to equities with Treasury bills hovering around 5%. In the very long-run, we believe equities are still the best way to compound wealth. We continue to focus the Fund's efforts on owning companies with good secular growth prospects, strong economic moats, underleveraged balance sheets, and superior management teams. These are companies we believe can compound value for shareholders for years into the future. The opportunities to find high-quality growth companies selling at attractive valuations are not overly abundant today, but we will continue to use our bottom-up search to optimize the Fund. If we adhere to our disciplined investment process and manage portfolio risk, we aim to add value to market returns in subsequent years.

We'd like to extend a sincere thank you for the continued trust you place in us to manage your assets. If you have any questions, please do not hesitate to contact us.

Sincerely,

Todd Griesbach
Portfolio Manager

TOP 10 HOLDINGS AS OF 6/30/23	
Company	**% of Assets**
Microsoft Corp.	9.74%
Alphabet Inc.	6.44%
Apple Inc.	5.11%
Amazon.com Inc.	3.94%
Visa Inc.	3.62%
The Cooper Companies Inc.	2.88%
CDW Corp.	2.87%
Becton Dickinson and Co.	2.68%
Diageo PLC	2.62%
Keurig Dr Pepper Inc.	2.55%

Holdings are subject to change. The above is a list of all securities that composed 42.48% of holdings managed as of 6/30/2023 under the RMB Fund ("Fund") of RMB Capital Management, LLC ("RMB Capital") based on the aggregate dollar value. This list is provided for informational purposes only and may or may not represent the current securities managed. It does not represent all of the securities purchased, sold, or recommended for advisory clients (under the Fund or otherwise) during the calendar quarter ending 6/30/2023. The reader should not assume that investments in the securities identified and discussed were or will be profitable. For a complete list of historical recommendation for the Fund, please contact RMB Investors Trust at 855-280-6423.

The opinions and analyses expressed in this letter are based on RMB Capital Management, LLC's ("RMB Capital") research and professional experience are expressed as of the date of our mailing of this letter. Certain information expressed represents an assessment at a specific point in time and is not intended to be a forecast or guarantee of future performance, nor is it intended to speak to any future time periods. RMB Capital makes no warranty or representation, express or implied, nor does RMB Capital accept any liability, with respect to the information and data set forth herein, and RMB Capital specifically disclaims any duty to update any of the information and data contained in this letter. The information and data in this letter does not constitute legal, tax, accounting, investment, or other professional advice. Past performance is not indicative of future results, and there is a risk of loss of all or party of your investment. This information is confidential and may not be reproduced or redistributed to any other part without the permission of RMB Capital.

An investment cannot be made directly in an index. The index data assumes reinvestment of all income and does not bear fees, taxes or transaction costs. The investment strategy and types of securities held by the comparison index may be substantially different from the investment strategy and types of securities held by your account. The S&P 500® is widely regarded as the best single gauge of large-cap U.S. equities. There is over USD 7.8 trillion benchmarked to the index, with index assets comprising approximately USD 2.2 trillion of this total. The index includes 500 leading companies and captures approximately 80% coverage of available market capitalization.

High-quality stocks are those that we believe offer greater reliability and less risk. The quality assessment is made based on a combination of soft (e.g., management credibility) and hard (e.g., balance sheet stability) criteria.

Basis Point (bps) *is a unit that is equal to 1/100th of 1% and is used to denote the change in a financial instrument.*

Investors should consider the investment objectives, risks, charges and expenses carefully before investing. For complete information about the Fund, including a free prospectus, please contact RMB Investors Trust at 855-280-6423, or visit the website at www.rmbfunds.com. The prospectus contains important information about the funds, including investment objectives, risks, management fees, sales charges, and other expenses, which you should consider carefully before you invest or send money.

All investing involves risk including the possible loss of principal. The RMB Fund invests in larger, more established companies, which may not respond as quickly to competitive challenges or have higher growth rates than smaller companies might have during periods of economic expansion. There can be no assurance that the Fund will achieve its investment objective.

Foreside Fund Services, LLC, Distributor